

WISCONSIN MUNICIPAL PER RETURN INCOME REPORT FOR 2004

This report indicates income per tax return for Wisconsin municipalities for 2004, based on income tax returns filed between July 1, 2004, and June 30, 2005 (mostly returns for calendar year 2004). The report shows population estimates, the number of tax returns, total Wisconsin adjusted gross income (WAGI) and WAGI per tax return for each municipality. The report is also available on the Department of Revenue website: (<http://www.revenue.wi.gov/>).

This report shows WAGI **per return** rather than WAGI **per capita** because there is a substantial amount of misreporting by tax filers of their municipality of residence. In particular, residents of towns frequently report that they are residents of a neighboring village or city. This misreporting, which cannot be corrected during tax processing, tends to overstate total and per capita WAGI for villages and cities, and understate these amounts for towns. In other words, per capita income tends to misrepresent the relative well-being of many municipalities.

Because the number of tax returns and total income may be substantially overstated or understated for any given municipality, the Department of Revenue (DOR) urges that great care be exercised in using these data.

There are additional reasons for exercising caution in using income per return as a measure of a municipality's well-being. First, WAGI includes only income subject to tax and income of persons filing tax returns; it does not include nontaxable income and income of persons not filing returns. Second, income per return is not indicative of income per household because tax filing units do not correspond with households; several members of a single household may file tax returns. Third, the very high or very low (negative) income of a few taxfilers can distort both the total income and income per return of a given municipality and county.

The report shows the following data:

- County/municipal code: The two digits before the hyphen are the county code; the three digits after the hyphen are the municipal code. The first digit of the municipal code indicates the type of municipality: "0" indicates a town, "1" a village and "2" a city.
- County name.
- Municipality name.
- Population: Population estimates are those prepared by the Department of Administration for use in the distribution of Shared Revenue.

- Returns: The number of tax returns filed between July 1, 2004, and June 30, 2005, that report the municipality as the tax filer's residence, except prior year amended returns are not included.
- Adjusted gross income (AGI): Also called Wisconsin adjusted gross income, this amount is the same as "Wisconsin income" on the tax return. Wisconsin income equals federal adjusted gross income plus certain additions, such as state and municipal bond interest, and less certain subtractions, such as U.S. government bond interest and excluded long-term capital gains. WAGI is less than personal income, as estimated by the U.S. Department of Commerce, because not all persons are required to file tax returns and because certain income, such as a portion of social security benefits, are included in personal income, but not WAGI. The U.S. Department of Commerce prepares annual estimates of per capita personal income by county, and its estimates for Wisconsin counties are reproduced on the DOR website: (<http://www.revenue.wi.gov/>). Personal income data by municipality are not available on an annual basis.
- AGI per return: This amount equals AGI divided by the number of returns.

Several municipalities are located in more than one county, and income tax return data for them are shown in each county in which they are located. Totals for these municipalities are shown at the end of the report.